

## Part III – Administrative, Procedural, and Miscellaneous

### Auction Rate Preferred Stock— Extension of Date for Addition of a Liquidity Facility

#### **Notice 2010-3**

This Notice modifies Notice 2008-55, 2008-27 I.R.B. 11 (July 7, 2008), to extend the date by which an initial liquidity facility may be added to support certain auction rate preferred stock from December 31, 2009 to December 31, 2010.

#### **SECTION 1. Background**

In Notice 2008-55, the Internal Revenue Service (IRS) provided guidance regarding the effect of adding certain liquidity facilities to support certain auction rate preferred stock on the equity character of the stock for Federal income tax purposes. In Notice 2008-55, the IRS confirmed that the IRS will not challenge the equity characterization of the auction rate preferred stock as a result of adding a liquidity facility agreement if certain requirements are satisfied. Among other requirements under Notice 2008-55, the auction rate preferred stock must have been outstanding on February 12, 2008, or issued after that date to refinance, directly or indirectly, auction rate preferred stock that was outstanding on that date. In addition, the liquidity facility must be an initial liquidity facility with respect to the auction rate preferred stock that is entered into on or before December 31, 2009, or a liquidity facility that renews, replaces, or extends such an initial liquidity facility, either directly or in a series of liquidity facilities.

**SECTION 2. Scope and Application.** This Notice extends the time period during which an initial liquidity facility can be entered into under § 3.2 of Notice 2008-55 from December 31, 2009 until December 31, 2010.

#### **SECTION 3. Effect on Other Guidance**

This Notice modifies Notice 2008-55.

#### **SECTION 4. Drafting Information**

The principal author of this Notice is Alfred C. Bishop of the Office of Associate Chief Counsel (Corporate). For further information regarding this notice, please contact Mr. Bishop at (202) 622-7930.